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COCOM DOCUMENT 3530

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7aCO-ORDINATING COMMITTEESUB-COMMITTEE ON EXPORT CONTROLSYUGOSLAV DOCUMENTATIONMEMORANDUM BY THE UNITED KINGDOM DELEGATION

In connexion with item 3(c) of the Draft Agenda for the Meeting of the Sub-Committee on Export Controls which meets in Rome on the 19th May, 1959 (Annex to COCOM Doc.3486B) the United Kingdom Delegation submit the following examination of recent experience of Yugoslav documentation. The United Kingdom Delegation would welcome information on similar lines from other Delegations.

1. The United Kingdom Delegation understands that the main features of Yugoslav import and export control are:-

- (a) When the controlled articles are exported from the Federal People's Republic of Yugoslavia the Federal Chamber of Trade grants the necessary approval to the Yugoslav exporters after they have presented the required documents. One of these documents must be the official Import Certificate of the country importing the goods.
- (b) When controlled articles are imported the Federal Chamber of Foreign Trade issues End-Use Certificates (E.U.C.) upon the request of the importers and on the ground of information and documents indicating the final use of goods.
- (c) After a transaction has been completed the Federal Chamber of Foreign Trade checks the pertinent Customs and other documents.
- (d) The importer holding an Import Certificate must import the goods into Yugoslavia. In case he wishes to change the destination of goods, he is under obligation to procure an official Import Certificate of the country for which the goods are intended.

It will be apparent that the Yugoslav system of control, if it is based on the foregoing, leaves much to be desired. It is understood, however, that assurances have been given by the Yugoslav Government that no action would be taken in regard to strategic exports contrary to the American Battle Act.

2. In March 1959 the United Kingdom Government received from the British Embassy in Belgrade a specimen of the "new Yugoslav End-Use Certificate." (E.U.C.) This latest specimen document is exactly the same as the previous specimen issued by the Yugoslav Federal Chamber of Foreign Trade in 1957; it perpetuates the unsatisfactory assurance which reads "This material will be used/consumed in Yugoslavia and will not be re-exported without End-Use-Certificate." End-Use-Certificates provided by the Yugoslav Federal Chamber of Foreign Trade in connexion with applications for the export of

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strategic goods from the United Kingdom to Yugoslavia are signed (not always by the same person). They bear revenue stamps, to the value of 900 dinars, which are cancelled by a rubber stamp of the Chamber.

3. Yugoslav End-Use-Certificates furnished in respect of direct exports from the United Kingdom to Yugoslavia are printed on watermarked paper. Certificates provided in connexion with triangular transactions (where, say, Austria is the merchanting country) are printed on unwatermarked paper.

4. The Yugoslav Federal Chamber of Foreign Trade do not send copies of E.U.C.'s issued in respect of imports from the United Kingdom. As this is unsatisfactory the United Kingdom Delegation would be glad to know whether other Delegations receive copies of Yugoslav E.U.C.'s direct from the Federal Chamber of Foreign Trade.

5. COCOM doc. No. 3260 (para. 6) states that Yugoslavia does not co-operate in the D.V.C. or the T.A.C. Schemes. In the experience of the United Kingdom Delegation, Yugoslavia does co-operate to the extent of providing D.V.C.'s, on request. Yugoslav D.V.C.'s, unlike their E.U.C.'s, leave nothing to be desired.

6. Member countries may wish to have the following note of a case which the United Kingdom Delegation considers to have unsatisfactory features:-

In June 1958 a United Kingdom firm received an order for 2 tons of thorium nitrate from a Yugoslav authorised agency. The United Kingdom firm's application for an export licence was supported by an E.U.C. provided by the Chamber of Commerce RIJEKA, Yugoslavia. This certificate bore revenue stamps to the value of 75 dinars. As the E.U.C. was not issued by the Yugoslav Federal Chamber of Foreign Trade the United Kingdom firm was informed that the application would be considered but only on production of an E.U.C. issued by the Federal Chamber. After much unsatisfactory correspondence with the would-be importer (the authorised agency) the United Kingdom firm (5 months later) requested the Federal Chamber to provide a certificate. This direct approach by the United Kingdom firm was resented (with some acrimony) by the Yugoslav importer. No official E.U.C. was provided but the original unacceptable E.U.C. was re-submitted and was again rejected. No licence was issued. In connexion with this case the following points occur to the United Kingdom Delegation.

- (a) why did the Yugoslav importer react so unpleasantly to the United Kingdom exporter when the latter approached the Yugoslav Federal Chamber of Foreign Trade for an official end use certificate - was it because (i) the Yugoslav firm realised they were in the wrong in not asking the Federal Body for a certificate? (ii) was it on the grounds of expense - a local Chamber of Commerce Certificate (which is unacceptable to COCOM Licensing Authorities) costs 75 dinars as against the Federal Certificate which bears revenue stamps to the value of 900 dinars or (iii) did the Yugoslav firm want to import thorium nitrate into Yugoslavia without the knowledge of their Government Authorities.
- (b) the Yugoslav importing firm did not get the 2 tons of thorium nitrate which they ordered in June 1958

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from the United Kingdom. Did they get it from some other possibly Non-COCOM country? and, if so, what kind of documentation was provided?

7. The chief danger which could be said to exist in the foregoing lies in the possibility that an unscrupulous Yugoslav importer could, without strict control by Licensing Authorities, obtain strategic goods for re-export to the Bloc without the knowledge, approval or control of the Yugoslav Government.

8. The United Kingdom Delegation would be glad to know whether other participating countries have had similar experiences.

United Kingdom Delegation,
Paris.

May 14, 1959.

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